

Statement by Assistant Secretary Christopher R. Hill
Bureau of East Asian and Pacific Affairs
House International Affairs Committee
Subcommittee On Subcommittee On Asia and the Pacific
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Thank you, Mr. Chairman, for this timely opportunity to discuss recent developments on U.S. policy with respect to the DPRK. I'll focus my remarks today on our effort to achieve the elimination of North Korea's nuclear weapons and nuclear programs through the multilateral diplomacy of the Six-Party Talks; update you on the possible launch by North Korea of a long-range missile; and discuss our efforts to stem North Korea's illicit activities and to ease the plight of North Koreans both in and out of North Korea.

Six-Party Talks

North Korea's nuclear program is not a bilateral problem facing the U.S. alone. It involves the major countries in the region and the international community as a whole. We want to achieve the denuclearization of the Korean Peninsula through multilateral diplomacy, the Six-Party Talks. The Administration's approach is to keep the focus on the Six-Party process, working with our partners to get the North Koreans back to the negotiating table. We don't want to bilateralize our dealings with the DPRK.

The six parties – the U.S., Japan, the ROK, China, Russia and the DPRK – unanimously adopted a Joint Statement on September 19, 2005, which provides a vision of the end-point of the Six-Party process – from North Korea, the elimination of all of its nuclear weapons and existing nuclear programs; and in that context, from the other parties, energy and economic cooperation, security provisions, and steps toward normalization subject to bilateral policies.

All the parties will benefit from full implementation of the Joint Statement. But North Korea won't be on a path to get the economic, political and security benefits envisioned in the Joint Statement until it returns to the table and starts implementation of its commitment to eliminate all of its nuclear weapons and nuclear programs, verifiably and irreversibly. We are prepared to rejoin the Talks without preconditions, and to continue to talk

directly to North Korea in the context of those Talks. I traveled to Beijing in January, to meet my DPRK and Chinese counterparts, to deliver that message directly. I told them we were doing our homework to begin implementation of the Joint Statement. I don't think there's any ambiguity or misunderstanding about the U.S. position. The problem we face is that North Korea appears not to have made the strategic decision to eliminate its nuclear weapons and nuclear programs in exchange for a new relationship with the international community. Still, despite this challenge and the specific challenge of the DPRK's missile launch preparations, active diplomacy between the U.S. and other parties is continuing, to establish a basis for North Korea to make the decision that we firmly believe is in its interest.

Possible Missile Launch

As you know, indications are North Korea is preparing for the possible launch of a long-range missile.

We can't speculate at this point on what North Korea's real intentions are. We are working very closely with our friends and allies in the region and elsewhere to discourage the DPRK from taking this provocative action. The President and Secretary Rice have contacted many of our partners, including those in the Six-Party Talks. We are in close consultation with other members of the UN Security Council and have found general agreement that a DPRK launch, violating previous commitments including the 2002 Pyongyang Declaration with Prime Minister Koizumi of Japan, would be a serious international security matter.

While a launch would raise questions about the future of the Six-Party Talks, the U.S. remains prepared to return to the table, with no preconditions.

Illicit Activities

North Korea is engaged in illicit activities. The DPRK calls U.S. law enforcement and financial regulatory measures "sanctions" and asserts they are blocking progress in the Talks. The United States will continue to take law enforcement actions to protect our currency and our citizens from these illicit activities. The measures we have taken are targeted at specific behavior. Contrary to North Korean assertions, these actions are not related to the Six-Party Talks.

We had offered at the last round of Talks in November to brief the DPRK, but it did not respond to that offer until February. On March 7 in New York, a Treasury-led interagency team met with DPRK officials. The purpose of the briefing was to explain our recent regulatory actions to protect the U.S. financial system from abuse.

In particular, the team described the reasons for Treasury's September 2005 designation of a bank in Macau, Banco Delta Asia, under Section 311 of the Patriot Act as a "primary money laundering concern." They discussed our ongoing efforts with authorities in Macau to resolve the issues that led to that designation.

As stated in the Federal Register September 20, 2005, BDA had been providing financial services for many years, with little oversight or control, to a number of North Korean entities engaged in illicit activities, including drug trafficking, smuggling counterfeit tobacco products and distributing counterfeit U.S. currency.

Our designation of BDA – which warns our financial institutions about doing business with the bank - has produced encouraging results. Macau has adopted new anti-money laundering legislation and and compelled the bank to institute more effective internal controls. U.S. law enforcement and regulatory agencies are working with Macanese authorities to resolve the concerns that led to the designation.

U.S. regulatory and law enforcement measures to protect our financial system from abuse are not subject to negotiation. We will continue to manage our financial system as we deem appropriate in accordance with U.S. law.

The September 19, 2005 Joint Statement contemplates, in the context of DPRK denuclearization, discussions on a broad range of issues, including trade and investment cooperation and steps toward normalization.

The North Korean accounts frozen by the Macao Monetary Authority total roughly \$24 million. That the DPRK is using the Macanese action as a pretext not to return to the Talks – where benefits would dwarf what we're talking about with BDA – makes us seriously question Pyongyang's

commitment to implement the September 19 Joint Statement, and its willingness to denuclearize.

North-South Cooperation

The U.S. supports South-North dialogue and reduction of tensions on the Korean Peninsula.

The ROK continues to pursue three projects with the DPRK: the Kaesong Industrial Complex; the opening of transportation corridors across the DMZ; and the Mt. Kumgang tourism site, operated by the private Hyundai Asan company.

The United States supports inter-Korean cooperation and reconciliation. That said, we want to find out more about various arrangements at Kaesong.

With that in mind, the Principal Deputy Assistant Secretary of State for the Bureau of East Asian and Pacific Affairs, Kathy Stephens, recently visited the Kaesong Industrial Complex. Our Ambassador in Seoul, Sandy Vershbow, subsequently also went to Kaesong with other ambassadors to the ROK. The President's Special Envoy for Human Rights in North Korea, Jay Lefkowitz, has also been invited to visit Kaesong by the South Korean Ministry of Unification and hopes to make the visit next month.

These visits are a chance to discuss with Kaesong officials, including DPRK representatives, matters such as work environment, recruitment and retention of workers, and how workers are paid and treated.

We will continue to monitor developments on the ground at Kaesong.

Refugees

The U.S. is deeply concerned over the grave humanitarian situation that exists within North Korea and over the plight of North Korean refugees who have fled the country.

In concert with other countries and international organizations, we seek to promote human rights in the DPRK and to improve protection and assistance

for refugees from the DPRK. We are mindful of the important role of the ROK in this regard.

We have been working with other governments and refugee organizations to find ways to deal with cases of individual North Korean asylum seekers as they arise.

We have recently resettled some North Korean refugees in the U.S. Under U.S. law and policy, in order to protect the applicants, their families and the integrity of the program, we do not comment on individual asylum or refugee cases. Procedures to consider North Korean nationals for resettlement are the same as for nationals from other countries. We will consider any North Korean brought to our attention by the United Nations High Commissioner for Refugees (UNHCR), U.S. Embassies and Consulates, and reputable non-governmental organizations. In all cases, host government concurrence is required for refugee processing on foreign territory. The U.S. continues to press China to live up to its international obligations with respect to processing North Korean refugees. We will continue to work closely with the Congress and with the Subcommittee as we pursue this important initiative.

Human Rights

The Department has worked to identify concrete ways to address the North's human rights abuses.

For the past three years, the U.S. has co-sponsored resolutions condemning North Korea's human rights abuses at the UN Commission on Human Rights. In 2005, the U.S. co-sponsored an EU-tabled resolution on DPRK human rights at the UN General Assembly, marking the first time the issue had been addressed by the body. The U.S. has provided funding to the NGO Freedom House for a series of three conferences on the human rights situation in North Korea and on other related projects. The U.S. has provided a grant to the National Endowment for Democracy to support groups that monitor North Korean human rights abuses.

In November 2005, the Secretary designated North Korea a Country of Particular Concern under the International Religious Freedom Act for its systematic, ongoing and egregious violations of religious freedom.

The U.S. has made clear to North Korea that discussion of its human rights record will be part of any future normalization process.

Humanitarian Assistance

We support the continued efforts of the World Food Program to provide assistance to the DPRK's most vulnerable populations.

Since 1995, when the magnitude of the crisis in North Korea was first identified, the United States has generously supported WFP's activities in that country, providing about 2 million tons of food assistance over the last ten years.

We will base any decision on whether to contribute food to WFP's new Protracted Relief and Recovery Operation for North Korea, as always, on assessed needs, competing needs elsewhere, and the ability to monitor the distribution of that assistance, to assure that our food gets to its intended recipients.

That concludes my prepared remarks, Mr. Chairman, and I look forward to your questions.